

NEIL ABERCROMBIE
GOVERNOR



CATHERINE PAYNE
CHAIRPERSON

**STATE OF HAWAII
STATE PUBLIC CHARTER SCHOOL COMMISSION
(‘AHA KULA HO‘ĀMANA)**
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RECOMMENDATION SHEET

DATE: July 24, 2014

TO: Peter Tomozawa, Chairperson
Administration & Operations Committee

FROM: Thomas Hutton, Executive Director

AGENDA ITEM: Update on Commission’s Budget

I. DESCRIPTION

To update the Committee on the Commission’s operating budget for Fiscal Year 2015.

II. AUTHORITY

Pursuant to Act 134, SLH 2013 (the General Appropriations Act of 2013) as amended by H.B. 1700, funds were appropriated to the Charter School Commission (EDN 600). Total funding provided by the Legislature for Commission office operations for fiscal year 2015 is \$1,360,000.

III. BACKGROUND

This is the second year of the FY 13-15 biennium budget. The starting point for the fiscal year 2015 budget is the fiscal year 2014 budget, which is then modified and/or updated for such items as collective bargaining agreements, Department of Education (DOE) weighted student formula, and other DOE budget adjustments to the departments used to determine the charter school per pupil allocation. The total FY 2015 funding allocation to EDN 600 Charter Schools is \$69.3 million, of which \$1.36 million represents the operating budget for the Commission.

The Supplemental Appropriations Bill, or HB1700 CD1, included \$800,000 for the Commission that is in addition to, not taken out of, the per-pupil funds. While this does not equate to the Commission’s full operating costs (up to \$560,000 will need to be transferred from the per-pupil allocation to the Commission), this represents a significant step toward a Commission budget that is a separate

appropriation from the per-pupil funds, which under Act 99 of 2014 will go into effect starting in fiscal year 2016.

In addition, supplemental budget requests were submitted to the Legislature for consideration. The requests were to correct oversights in the budget and to fund new items intended to increase efficiency of the Commission staff as well as cover the cost of labor disputes at the charter schools. Despite approving all the supplemental budget requests, funding for the items were not provided by the Legislature. As a result, covering the shortfall of the Federal positions, annual subscription for EpiCenter and labor arbitration funding will need to be achieved within the operating budget allocation provided. Commission staff will be making a recommendation to fund the labor arbitration cost using Impact Aid, which is discussed below and in a separate item on today's agenda.

Attached for your review is the comparative budget worksheet reflecting FY 2014 budget (Column B), FY14 estimated actual costs (Column C) and the FY15 budget as revised (Column D).

(Attachment 1.) In addition, Column E shows a comparison of the FY 15 budget to the FY14 estimated actual costs.

Some of the significant variances between the FY14 Estimated Actual Costs and the FY15 Budget are:

1. Personnel services – increase by \$131,000 in FY 15 due to inclusion of Federal Programs Team and full-year salaries in FY15 for staff hired mid-year during FY14.
2. System subscriptions – EpiCenter subscription cost was pro-rated for partial year in FY14 but included at full year cost in FY15.
3. Contracted technology services – FY14 included Erate correction for HAAS in FY14.
4. Other current expenditures – FY14 included efficiency gains distributed to schools.

The FY14 year has not yet been closed and all expenses reviewed for completeness. Once that is done, the Commission staff will submit the FY15 budget for Committee and Commission review approval.

IV. DECISION MAKING STATEMENT

The staff review of non-payroll costs resulted in identification of additional savings in some areas. However, after factoring in the unfunded supplemental budget requests, the budget is lean and does not leave much room for unforeseen items. With the replacement of two Commissioners from the outer islands by Commissioners who live on Oahu, there is some opportunity for savings in travel expenses. However, there is a need for Commissioners and staff to visit neighbor island charter schools.

The one supplemental budget item that will still need to be funded is the cost to schools of labor arbitrations. In a separate agenda item before the Committee today, staff recommends allocating

\$75,000 of federal Impact Aid Funds from Fiscal Year 2015 for this purpose. This amount would come out of the excess of these funds above what had originally been projected for this fiscal year. Depending on the amount of unused funds at the end of the year, if any, these funds could either be reserved for future school labor arbitrations or otherwise be distributed among schools.

V. RECOMMENDATION

None. Today's submittal is for informational purposes only.

	A	B	C	D	E	F
1						
2	ITEMS	Commission	Commission	Commission	FY 14 Est. Actual vs. FY 15 Budget	Assumptions/Explanations
3		2013-2014 Budget	2013-2014 Estimated Actual	2014-2015 Budget		
4	State Funding	\$ 1,235,092.00	\$ 1,235,092.00	\$ 1,360,000.00	\$ 124,908.00	
5	Federal Funding	\$ -	\$ -	\$ -	\$ -	
6	Grants, Other Revenues	\$ -	\$ 13,540.00	\$ -	\$ (13,540.00)	
7	TOTAL REVENUES	\$ 1,235,092.00	\$ 1,248,632.00	\$ 1,360,000.00	\$ 111,368.00	
8						
9	A. Personnel Services					
10	Personnel	\$ 1,005,664.00	\$ 864,617.10	\$ 995,294.00	\$ (130,676.90)	FY 15 includes full year salary for staff hired during FY14
11	Total Personnel Services	\$ 1,005,664.00	\$ 864,617.10	\$ 995,294.00	\$ (130,676.90)	
12						
13	B. Other Current Expenses					
14	Computer supplies	\$ 5,000.00	\$ 1,589.00	\$ 5,500.00	(3,911.00)	Recurrent Maintenance and Computer Supplies; Position Workplace Adjustments and Prep
15	Repairs & Maint. Supplies	\$ -	\$ 24.25	\$ 100.00	(75.75)	
16	Office supplies	\$ 15,000.00	\$ 2,882.87	\$ 6,500.00	(3,617.13)	Commission, BOE submission documents
17	Meeting Ref. & Meals	\$ -	\$ 3,850.24	\$ 4,800.00	(949.76)	Commission Meetings
18	Other supplies	\$ 1,100.00	\$ 1,247.39	\$ 1,350.00	(102.61)	
19	Dues and subscriptions	\$ 3,600.00	\$ 1,423.95	\$ 2,000.00	(576.05)	NACSA Membership \$2,000 - Estimate
20	Postage	\$ 2,400.00	\$ 573.38	\$ 1,000.00	(426.62)	
21	Telephone	\$ 8,000.00	\$ 1,431.91	\$ 1,500.00	(68.09)	
22	Telecommunication costs	\$ 6,500.00	\$ 652.21	\$ 1,000.00	(347.79)	Teleconferencing Costs, Monitoring , Transition, Internet
23	System Subscriptions	\$ -	\$ 40,000.00	\$ 62,700.00	(22,700.00)	Epicenter full year subscription for 2015 vs. prorated partial year FY14
24	Printing and binding	\$ 1,000.00	\$ 314.14	\$ 2,700.00	(2,385.86)	Application packets for Commission
25	Advertising	\$ 1,500.00	\$ 41.88	\$ -	41.88	
26	Mileage reimbursement	\$ 1,000.00	\$ 498.49	\$ 1,000.00	(501.51)	
27	Parking reimbursement	\$ 1,000.00	\$ 1,126.00	\$ 2,300.00	(1,174.00)	
28	Transportation, intrastate	\$ 38,200.00	\$ 14,309.75	\$ 15,500.00	(1,190.25)	2 Commission mtgs, outer island commissioners, 5 monitoring visits, 4 visits for Admin Rules, 3 ED site visits
29	Subsistence	\$ 5,710.00	\$ 1,511.94	\$ 2,000.00	(488.06)	
30	Transportation, out-of-state	\$ 2,100.00	\$ 785.10	\$ 3,000.00	(2,214.90)	Out of state training/PD
31	Hire of passenger cars	\$ 5,940.00	\$ 781.79	\$ 1,000.00	(218.21)	
32	Lodging	\$ -	\$ 2,949.22	\$ 3,585.00	(635.78)	
33	Contracted Technology Services	\$ -	\$ 101,867.25	\$ 80,000.00	21,867.25	FY 15 Includes Erate \$45,000, TWtelecom, NetEnterprise(IT Support), etc... INCLUDING Sharepoint \$9,000
34	Contracted Strat.Planning	\$ -	\$ -	\$ 4,000.00	(4,000.00)	Commissioner, Commission Staff Retreat/training
35	Relocation Allowance	\$ -	\$ 3,000.00	\$ 3,000.00	0.00	New Academic Performance Mgr
36	Services on a fee basis- DOE MOU	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	0.00	DOE Courier services
37	Services on a fee basis - payroll svcs	\$ 4,000.00	\$ 2,892.30	\$ 3,200.00	(307.70)	
38	Services on a fee basis - audit svcs	\$ 24,000.00	\$ 24,083.76	\$ 25,000.00	(916.24)	Proposal cost for FY2013 audit
39	Services on a fee basis- emp. benefits	\$ 500.00	\$ 357.50	\$ 500.00	(142.50)	
40	Other exp -training and registration	\$ 1,000.00	\$ 5,680.00	\$ 5,600.00	80.00	Commission Office Professional Development (on island)
41	Other current expenditures	\$ 700.00	\$ 460,007.48	\$ 2,000.00	458,007.48	FY13-14 amount includes efficiency gains distributed to schools
42	Total Other Current Expenses	\$ 129,450.00	\$ 675,081.80	\$ 242,035.00	433,046.80	
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44	C. Equipment					Assumptions
45	Equipment	\$ -	\$ 16,606.00	\$ 5,000.00	\$ 11,606.00	Reorganization of staff in FY13-14 entailed more equipment costs
46	Total Equipment	\$ -	\$ 16,606.00	\$ 5,000.00	\$ 11,606.00	
47						
48	L. Current Lease Payments/R&M/Rentals					Assumptions
49	Rental, Office	100,000	\$ 103,425.94	\$ 103,425.00	\$ 0.94	Contract Lease 1111 Bishop St #516
50	Total Current Lease Payments	\$ 100,000.00	\$ 103,425.94	\$ 103,425.00	\$ 0.94	
51						
52	Other Expenses					Assumptions
53	Application & Evaluation Expenses	\$ -	\$ 3,000.00	\$ 3,000.00	\$ -	Outside evaluators to assist with new school applications
54	Total Other	\$ -	\$ 3,000.00	\$ 3,000.00	\$ -	
55						
56	Total Expenses	\$ 1,235,114.00	\$ 1,662,730.84	\$ 1,348,754.00	\$ 313,976.84	
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58	Net Operating Income	\$ (22.00)	\$ (414,098.84)	\$ 11,246.00	\$ 425,344.84	
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60						